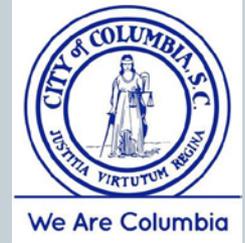


Structure of Proposed Hospitality Tax Bond



CITY COUNCIL WORK SESSION
JANUARY 19, 2016



Agenda



- **State law – allowed uses of Hospitality Tax Revenues**
- **State/Federal Tax Law**
- **Bond Ordinance and Other Considerations**
- **Bond Issuance Timeline**
- **Anticipated Debt Service Schedule**
- **Capital Requests/Needs**
- **Next Steps**

§6-1-730 Hospitality Tax Revenue Uses



- Purposes for which Hospitality Fees (and bonds payable/secured thereby) can be used:
 - (1) **tourism**-related buildings including, but not limited to, civic centers, coliseums, and aquariums;
 - (2) **tourism**-related cultural, recreational, or historic facilities;
 - (3) beach access and re-nourishment;
 - (4) highways, roads, streets, and bridges providing access to **tourist** destinations;
 - (5) advertisements and promotions related to **tourism** development; or
 - (6) water and sewer infrastructure to serve **tourism**-related demand.

State Law/Bond Ordinance



- Specify projects (both City and non-City owned) to be financed and include findings to demonstrate permitted use
 - 1) Tourism-generating
 - 2) Provide economic benefits
 - 3) Demonstrate public purpose
- Authorize not exceeding amount of bonds for variety of projects
- Projects should be ready for construction when bonds are issued (e.g., other sources of financing have been secured)

Federal Tax Law



- Capital expenditures only, not for operations, reserves or pledged/used as collateral for obtaining other sources of funding
- Eligible for tax-exempt financing if funds are granted with no expectation of repayment; contingent re-payments are okay
- Projects should have economic life at least as long as weighted average maturity of bonds

Other Considerations



- **Grantee assurances to City:**
 - 1) City reliance for findings in bond ordinance
 - 2) Agreement to own/use projects for permitted purposes
 - 3) Contingent repayment if use/ownership changes
 - 4) Continues for entire term of Bonds
- **Bond funds should be disbursed for non-City owned projects in same manner as annual appropriations**

Bond Issuance Timeline



- Issuing of bonds to coincide with 1st debt service payment to occur in FY 16/17

Projected Debt Service



<u>Project Fund</u>	Annual Debt Service		
	<u>10 year</u>	<u>20 year</u>	<u>30 Year</u>
\$1M	\$113,000	\$67,000	\$53,000
\$5M	\$565,000	\$334,000	\$264,000
\$10M	\$1,129,000	\$668,000	\$529,000

Current Hospitality Tax Bond Rating: Aa2/AA (Moody's/S&P)

Capital Requests – External Organizations



Organization	Project	Requested
Historic Columbia	Historic home renovations & rehabilitation	
	• Mann Simons	\$181,450
	• Modjeska Simpkins	\$111,800
	• Robert Mills	\$39,050
	Construct Historic Gardens on Bull Street	\$1,500,000
Edventure	Construction and acquisition for permanent exhibit	
	• Flying Higher Exhibit	\$252,250
	• Outdoor Water Exhibit	\$250,000
Columbia Museum of Art	Expansion of galleries, enlarged education spaces & new Main Street entrance, façade & lobby	\$1,000,000
Trustus	Facility renovations, repairs and upgrades	\$250,000
Workshop Theater	Construction of a new facility	\$300,000
Nickelodeon	Construction of upper level (already funded in HT budget)	\$500,000
Girl Scouts of America	Leadership Center Renovations	\$1,000,000
Total Capital Requests External Organizations		\$5,384,550

Legal review needed to determine eligibility for use of Hospitality Tax. This list is for information only and is not an approved list. Requests received as of 8/2015.

Capital Needs – City Facilities



Facility	Project	Total Project	Allocated Funding	Project Shortfall
Finlay Park	Major Rehabilitation & new park features, amenities	\$20,669,000		\$20,669,000
Owens Park & Miracle Field	Construction of Miracle Field Renovations of the trail system, athletic fields, skate park and parking, add new restroom and picnic facilities <i>Allocated funding includes \$250,000 from Ray Tanner Foundation for Miracle Field & \$75,000 from Richland County for park storm drainage, FY 14/15 General CIP \$475,000</i>	\$1,150,000	*\$800,000	\$350,000
Southeast Park	Environmental Center, bathrooms	\$1,092,000	\$492,000	\$600,000
	Total City Facilities (eligible for Hospitality Tax)	\$22,911,000	\$1,602,000	\$21,619,000

Legal review needed to determine eligibility for use of Hospitality Tax.

Next Steps & Timeframe



- **Administration of projects funded with bond proceeds.**
- **City Council Direction**
 - Timeline
 - Review Committee to include Legal review of project eligibility
- **Next Steps**